

September 23, 1992


Mr. Robert D. Johnson  
Vice President  
Communications Workers of America  
20525 Center Ridge Road - Room 700  
Cleveland, Ohio 44116

Dear Mr. Johnson:

This will confirm our understanding of August 10, 1992 in which it was agreed that the Company proposes to provide, beginning in 1993, an employee-paid Long Term Care Insurance Plan. This plan will provide benefits for long term nursing home and other forms of care for the employees, spouses, dependents, parents, parents-in-law and grandparents. The employee paid premiums vary by level of care and the age of the intended participant.

Will you please signify your agreement to the foregoing by signing the original of this letter at the place indicated below and return it to me. A copy is attached for your records.

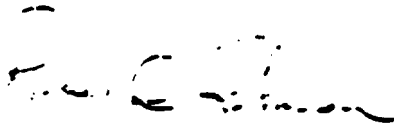
Very truly yours,



Vice President

Agreed:  
COMMUNICATIONS WORKERS OF AMERICA

By



Vice President

Date: September 23, 1992

September 23, 1992

Mr. Robert D. Johnson  
Vice President  
Communications Workers of America  
20525 Center Ridge Road - Room 700  
Cleveland, Ohio 44116

Dear Mr. Johnson:

This will confirm our understanding of August 10, 1992 in which it was agreed that effective January 1, 1993, a Health Care Flexible Spending Account (FSA) will be made available to each employee whereby the employee may make contributions to an FSA of up to \$5000 per year on a pre-tax basis, and subsequently receive reimbursement from the FSA for eligible expenses incurred. Eligible health care expenses are defined by Section 213 of the Internal Revenue Code and include such items as employee health care deductibles, co-payments and unreimbursed health care expenses.

Other terms of the Health Care Flexible Spending Account will be released at a later date.

Will you please signify your agreement to the foregoing by signing the original of this letter at the place indicated below and return it to me. A copy is attached for your records.

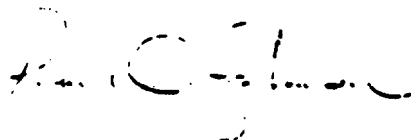
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Mr. Robert D. Johnson  
Vice President  
Communications Workers of America  
20525 Center Ridge Road - Room 700  
Cleveland, Ohio 44116

Dear Mr. Johnson:

This will confirm our understanding of August 10, 1992 in which it was agreed that the Company will adopt and implement certain resolutions changing various health care, savings plan and pension benefits, agreed to at a Common Issue Resolution Forum ("Common Forum") by certain representatives of the Company and the Union.

Specifically, the following changes in benefits are agreed to:

Comprehensive Health Care Plan (CHCP)

Effective August 9, 1992:

- The Comprehensive Health Care Plan (CHCP) will be modified to provide for the implementation of a Personal Care Physician Health Care Network (Network) as outlined in Attachment A-1 of the Common Forum Resolutions.
- Union input and oversight responsibilities with respect to the Network will be assigned the Joint Health Care Cost Containment Committee as provided for in the Addendum to Attachment A-1 of the Common Forum Resolutions.

- The CHCP will be modified to provide changes in non-Network area health care benefits as provided for in Attachment A-2 of the Common Forum Resolutions.
- The second opinion list will be modified by the elimination of the carotid endarterectomy and meniscectomy procedures.

Effective January 1, 1993, benefits for Temporomandibular Joint (TMJ) Disorder, formerly paid under the Dental Expense Plan, will be provided for through the Comprehensive Health Care Plan.

#### Dental Expense Plan

Effective January 1, 1993, the schedule of Company payments for Type B dental procedures will be increased on average 20% as provided for in Attachment B-1 of the Common Forum Resolutions.

Effective January 1, 1993, a voluntary Dental Maintenance Organization (DMO) option will be made available to employees. Details of the Dental Maintenance Organization will be released at a later date.

Effective January 1, 1993, coverage for Temporomandibular Joint (TMJ) syndrome will be removed from the Dental Expense Plan and included as part of the Comprehensive Health Care Plan.

#### Vision Care Plan

Effective January 1, 1993, the schedule of maximum allowances to be paid by the Company under the plan will be as follows:

Examination	\$25
Single Vision Lenses	\$35
Bifocal Lenses	\$50
Trifocal Lenses	\$60
Contact Lenses	\$75
Lenticular Lenses	\$90
Frames	\$40

#### Ameritech Pension Plan

Effective September 1, 1992, the monthly pension band amounts will be increased as provided for in Attachment D-1 of the Common Forum Resolutions.

Effective September 1, 1992, new pension bands will be created for the Operator job title. The band(s) amounts will be established at levels which are from forty-five cents (\$0.45) to forty-nine cents (\$0.49) over and above any other pension band increase amounts as otherwise provided for in the Common Forum Resolutions.

Effective January 1, 1993, employees hired on or after this date will be ineligible for retirement death benefits from the Ameritech Pension Plan.

Effective January 1, 1995, retirement death benefits payable from the Ameritech Pension Plan to eligible employees retiring on or after this date will be frozen at an amount equal to the annualized maximum wage rate for the job held by the employee prior to the effective date.

All Plan amendments are contingent upon approval of the Internal Revenue Service.

Retiree Medical Assurance Program (RMAP)

Effective August 9, 1992, the Retiree Medical Assurance Program (RMAP) will be amended as provided for in Attachment E-1 of the Common Forum Resolutions.

Ameritech Savings and Security Plan

Effective September 1, 1992, the Ameritech Savings and Security Plan will be amended as provided in Attachment F of the Common Forum Resolutions.

Group and Dependent Life Insurance

The Group and Dependent Life Insurance plan will be amended as provided in Attachment G of the Common Forum Resolutions.

Will you please signify your agreement to the foregoing by signing the original of this letter at the place indicated below and return it to me. A copy is attached for your records.

Very truly yours,



Vice President

Agreed:  
COMMUNICATIONS WORKERS OF AMERICA

By: 

Vice President

Date: September 23, 1992

September 23, 1992

Mr. Robert D. Johnson  
Vice President  
Communications Workers of America  
20525 Center Ridge Road - Room 700  
Cleveland, Ohio 44116

Dear Mr. Johnson:

This will confirm our understanding of August 10, 1992 in which it was agreed the parties acknowledge that prior to expiration of the new Collective Bargaining Agreement dated September 23, 1992 (hereinafter "Agreement"), discussions will be held with respect to the level of future contributions toward the cost of health care coverage for retirees who have retired during the life of the Agreement.


This Letter of Agreement only obligates the Company to discussions concerning the permissive subject of bargaining defined above and nothing more with respect to retirees or any other issues affecting retirees, and is not intended in any way to be a waiver by the Company or Union of any prerogatives or rights related thereto.

Will you please signify your agreement to the foregoing by signing the original of this letter at the place indicated below and return it to me. A copy is attached for your records.

Very truly yours,

  
Vice President

Agreed:  
COMMUNICATIONS WORKERS OF AMERICA

By 

Vice President

Date: September 23, 1992

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AGREEMENT

The Communications Workers of America, hereinafter called the Union, and Wisconsin Bell, Inc., hereinafter called the Company, do hereby, as of the 9th day of August, 1992, enter into the following Agreement:

ARTICLE 1

Union Recognition

1.01 The Company hereby recognizes the Union as the sole collective bargaining agent for the following employees:

- (a) Employees whose titles are listed in Exhibits II through XV to Appendix A, all of which are attached to and made a part of this Agreement.
- (b) Employees whose titles are listed in Exhibits II and III to Appendix B, all of which are attached to and made a part of this Agreement.
- (c) Employees whose titles are listed in Exhibit II to Appendix C, which is attached to and made a part of this Agreement, and who are employed at the Appleton, Eau Claire, Green Bay, Madison, Fairway, Hopkins and Summit Residential Customer Service Centers; the Madison Business Sales and Service Center; the Residence Collection Centers; the Public Service Center at Waukesha; and the Business Collection Center. The parties recognize that the above office descriptions reflect the current titles of the offices which were previously certified by the National Labor Relations Board.

WISCONSIN CWA CONTRACT

## ARTICLE 11

## Benefit Plan

## 11.01

During the term of this Agreement, no change which will affect the employees within the bargaining unit shall be made in the terms of the existing "Ameritech Pension Plan" or "Sickness and Accident Disability Plan," except as follows:

- (a) No change which would reduce or diminish the benefits or privileges provided by the Plan may be made without the agreement of the Union.
- (b) No change which would increase or enlarge the benefits or privileges provided by the Plan may be made without notice to the Union and an offer to bargain during the  
✓ 60 days following such notice:

- 1. Any claim that 11.01 (b) has been violated shall be subject to arbitration under the provisions of 11.02.

## 11.02

Any claim that such benefits or privileges have been diminished or reduced may be presented as a grievance and if not resolved by the parties under the grievance procedure provided in Article 5, may be submitted to arbitration, in accordance with Article 6, but in any such case any decision or action of the Company shall be controlling unless shown to have been discriminatory or in bad faith and only the question of bad faith or discrimination shall be subject to the grievance procedure or arbitration.

## 11.03

Appeal Rights - Nothing herein shall be construed to subject the Plan or its administration to the arbitration procedure of Article 6 but such matters may be subject to the grievance procedures of Article 5. Likewise, nothing herein shall be construed to require the Company to bargain during the life of this Agreement upon the request of the Union, on any change in the Plan.



## **ATTACHMENT 3**

## **DESCRIPTION AND JUSTIFICATION**

### **1. Introduction and Description of Tariff Filing**

This filing by the Ameritech Operating Companies (AOCs) is made pursuant to the Commission's Report and Order in the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, released May 17, 1993. This filing adjusts the Price Cap Indices (PCIs) that were filed April 2, 1993 (Transmittal No. 702), and subsequently adjusted on May 3, 1993 (Transmittal No. 707), for the reallocation of general support facility (GSF) costs among the four price cap baskets.

As a result of the PCI changes, rate changes in the Common Line, Traffic Sensitive and Special Access baskets are proposed to become effective July 1, 1993. The AOCs will demonstrate that for each basket, the Actual Price Indices (APIs), based on the proposed rates in this filing, do not exceed the relevant PCIs and that all Service Band Indices (SBIs) are within the applicable boundaries for each service band and subband.

This filing includes revised Exhibits 9, 10, 11, 12, 14, 16 and 18. Exhibit 19 displays the details of the calculations of the exogenous cost changes for the GSF cost reallocation.

Section 2 of this material describes the exogenous cost changes that were used to calculate the PCIs. In addition to the reallocation of the GSF costs among baskets, Long Term Support payments increase due to the impact of GSF reallocation on the rest of the industry, and the Interexchange basket is adjusted for the changes in the imputation of access charges.

Section 3 describes how the rates proposed in this filing were developed. End User Common Line rate adjustments reflect the changes to the revenue requirements due to the GSF reallocation. Carrier Common Line rate adjustments reflect the new Common Line PCI. Rate changes are proposed in each service band in the Traffic Sensitive and Special Access baskets. No Interexchange rate changes are proposed in this filing. A comparison of base period demand times current and proposed rates is provided in Exhibit 10, as well as on form RTE-1 of the Tariff Review Plan (TRP) in Exhibit 18.

## **2. Exogenous Changes**

The respective PCI for each basket was adjusted by exogenous cost changes associated with the reallocation of GSF costs, as well as the resulting change in Long Term Support payments. Also, the Interexchange basket's PCI was adjusted for the change in the imputation of access charges.

### **2.1 Calculation of GSF Exogenous Amount**

The exogenous changes for the reallocation of GSF costs among price cap baskets are the differences between each basket's 1992 base revenue requirements and these revenue requirements adjusted for the GSF reallocation. The 1992 base revenue requirements reflect the 1992 ARMIS results adjusted for the 1993 Base Allocation Factor (BAF), the 1993 Central Office Equipment Category 3 Allocator (DEM), and the completion of Michigan Bell's Inside Wire Amortization which occurred on December 31, 1992. The amount of the exogenous cost changes by baskets are +\$125.5 million for Common Line, -\$91.9 million for Traffic Sensitive, -\$33.4 million for Special Access and -\$0.2 million for Interexchange. Exhibit 19 contains these calculations.

### **2.2 Changes in Support Payments**

The exogenous change for Support payments is the difference between the sum of the projected Long Term and Transitional Support payments for the tariff year of July 1993 - June 1994 used in the April 2, 1993 filing and the revised projected payments for the same time period due to the GSF reallocation. The result of the change in Support payments is displayed on the EXG-1 form of the TRP. The impact of the change is an increase of \$10.7 million.

### **2.3 Imputed Access Charges**

The "delta Y" exogenous cost change for the Interexchange basket measures the change in imputed access charges due to the change in the AOCs' interstate access service rate levels. Exhibit 9 is modified to reflect the proposed access rate changes. The impact of this change on the Interexchange basket is \$1.5 million.

### **3. Development of rates**

#### **3.1 Common Line**

##### **3.1.1 End User Common Line**

Adjustments to the End User Common Line (EUCL) charges are due to changes in the revenue requirement for the Common Line - Base Factor Portion (BFP) and the number of access lines. The number of access lines has not changed from what was used in the April 2, 1993 filing. However, the BFP revenue requirement increased for each study area as a result of the GSF reallocation.

The prospective BFP revenue requirements were developed by first restating the 1992 actual BFP to reflect expected changes in the 1993/1994 tariff year for BAF, DEM, inside wire and the reallocation of GSF costs. Then the compound annual average growth rates from 1990 to 1992 were applied to the following items: miscellaneous revenue, uncollectible revenue, total operating expenses, local taxes, fixed charges, IRS income adjustments, Investment Tax Credit (ITC) amortizations, total plant in service, total other investment and total reserves. The BFP revenue requirements were calculated with these items projected into the 1993/1994 period based on historical growth patterns. Finally, the BFP revenue requirements were adjusted for exogenous cost changes from the April 2, 1993 filing for Reserve Deficiency Amortization (RDA), Excess Deferred Taxes (EDT) and ITC. The resulting BFP revenue requirements are displayed on Exhibit 11. Pursuant to Section 69.104 of the Commission's Rules, end user charges are computed as follows:

- **Multi-Line Business:** the lower of \$6 per line per month or the multi-line business rate. As shown in Exhibit 12, the multi-line business rate was calculated for each state by dividing the 1993/1994 BFP revenue requirement by the 1993/1994 average number of access lines. The resulting amount was divided by 12 to obtain the monthly rate.
- **Resident and Single-Line:** the lower of \$3.50 per line per month or the calculated multi-line business rate.

The proposed End User Common Line Charges are:

	Multi-Line Business	Residence Single-Line Business
Illinois	\$4.13	\$3.50
Indiana	\$5.46	\$3.50
Michigan	\$5.29	\$3.50
Ohio	\$5.09	\$3.50
Wisconsin	\$4.99	\$3.50

The proposed End User Common Line rates represent an increase of \$57.8 million compared to current rates.

### 3.1.2 Carrier Common Line

In response to the exogenous impact of the GSF reallocation on the Common Line basket, a new Carrier Common Line (CCL) rate was calculated using the formula described in Section 61.46(d) of the Commission's Rules. This formula produces a CCL Minute of Use (CCLmou) charge of \$0.008581, which represents the maximum allowable weighted average of proposed originating and terminating, premium and non-premium CCL rates, using 1992 base period demand. As shown in Exhibit 14, the CCLmou was disaggregated into the four CCL rate elements, resulting in a premium rate (originating and terminating) of \$0.008587. The proposed Carrier Common Line rate represents an increase of \$12.6 million or 4.1 percent when compared to current rates.

The impact on the total Common Line basket due to the proposed CCL and EUCL rate changes is an increase of \$70.4 million or 7.1 percent.

### 3.2 Traffic Sensitive

In this filing a new Traffic Sensitive PCI was calculated to reflect an exogenous change of -\$91.9 million due to the GSF reallocation. As a result, rate changes are proposed in each of the Traffic Sensitive service categories. The Traffic Sensitive API was

calculated to reflect these rate changes and results in a value of 83.97, which is less than the proposed Traffic Sensitive PCI of 85.08. The revenue impact on the Traffic Sensitive basket is a reduction of \$96.3 million or -10.5 percent compared to current rates.

#### **Local Transport**

Rate reductions for the premium and transitional Local Transport Termination and Local Transport Facility rates and the Design and Central Office Connection nonrecurring charge are proposed in this filing. The resulting revenue impact on the Local Transport service band is a reduction in revenues of \$72.1 million or 13.9 percent. New Local Transport SBI upper and lower bounds of 85.97 and 77.78, respectively, result from changes to the Traffic Sensitive PCI. The proposed rate changes produce a new Local Transport SBI of 78.80, which is between the new upper and lower Local Transport service bounds.

#### **Local Switching**

Rate reductions for the LS1, LS2 and Transitional Local Switching rates are proposed in this filing. The LS1 rate transition, which sets the LS1 rate equal to the LS2 rate, is also reflected in this filing. The resulting revenue impact on the Local Switching service band is a decrease in revenues of \$21.2 million or 6.1 percent. The proposed new Local Switching SBI upper and lower bounds of 90.42 and 81.81 result from the changes to the Traffic Sensitive PCI. The new Local Switching service band SBI of 90.41 is within the new upper and lower Local Switching SBI bounds.

#### **Information**

Premium and transitional Information Surcharge rate reductions of 16.2 percent are proposed in this filing. The proposed rates represent a revenue decrease to the Information Service category of \$2.6 million or 6.1 percent when compared to current rates. The proposed new Information Service SBI resulting from these changes is 85.88. New Information Service SBI upper and lower bounds of 85.89 and 77.71 result from the Traffic Sensitive PCI changes. The proposed Information Service SBI is within the revised Information SBI upper and lower bounds.

## **800 Services**

A 6.1 percent reduction in the 800 Call-Routing Query charge from \$.0022 to \$.002066 is proposed in this filing. The proposed rate change represents a revenue reduction of \$0.3 million when compared to the current 800 Call-Routing Query charge. The proposed Data Base Service SBI resulting from this change is 93.91. This proposed SBI is within the revised Data Base Service SBI upper and lower bounds of 93.93 and 84.98, respectively.

### **3.3 Special Access**

As a result of the exogenous cost change of -\$33.4 million to the Special Access basket, the new Special Access PCI is 88.90. Special Access rates in each band and subband are reduced with this filing. With these rate reductions, the proposed Special Access basket's API of 88.44 falls below the new PCI.

The recurring rates for the following services were reduced: Analog, Audio Program, Video, DDS, Ameritech Base Rate Channel Mileage, month-to-month and 60-month Ameritech DS1 Service Local Distribution Channels, DS1 to DS0/subrate multiplexing, Ameritech DS3 Service Channel Mileage and Channel Mileage Terminations rates, and DS3 to DS1 multiplexing. In order to maintain the current discount structure for services covered by the Discount Commitment Program (DCP), corresponding reductions in DCP rates were made when monthly rate elements were reduced. For example, the proposed monthly rate for an Ameritech Base Rate Channel Mileage Termination is reduced 7 percent in this filing. The corresponding proposed 36 and 60 month DSP rates also are reduced 7 percent in this filing. The proposed DCP rates are above costs as filed in Ameritech's DCP filing, Transmittal No. 684, issued December 21, 1992 and effective February 4, 1993. In addition, the Design and Central Office, and Customer Connection rates were reduced for Ameritech DS1 and DS3 Services.

All SBIs for the bands and subbands of Special Access are at or between the upper and lower limits established for the associated band. The new band and subband boundaries and service band indices are:

	Lower Bound	SBI (t)	Upper Bound
Analog	88.06	97.23	97.33
Audio/Video	82.75	90.84	91.46
High Capacity	74.21	82.02	82.02
DS1 Subband	72.58	79.90	80.22
DS3 Subband	73.91	81.56	81.69

### 3.4 Interexchange

No changes are proposed for the Interexchange basket in this filing. The Interexchange API remains as 82.51, well below the proposed PCI of 96.53.



## **EXHIBIT 19**

		Common Line		
ARMIS 43-01 ROW #	Description	Base REVREQ (A)	REVREQ After Reallocation of GSF (B)	Difference (C) = (B) - (A)
1040	Miscellaneous Revenues	\$6,174	\$7,223	\$1,049
1060	Uncollectibles	6,926	6,926	0
1190	Total Operating Expense	614,236	702,651	88,415
1420	Other Taxes	49,112	54,751	5,639
1510	Fixed Charges	39,297	43,697	4,400
1520	IRS Income Adjustments	(3,907)	(4,355)	(448)
1530	FCC Taxable Income Adjustments	324	360	36
1540	ITC Amortization	6,782	7,544	762
1550	FCC ITC Adjustment	0	0	0
1690	Total Plant in Service	2,775,549	3,095,945	320,396
1790	Total Other Investment	23,636	26,395	2,759
1890	Total Reserves	1,377,540	1,524,617	147,077
1910	Average Net Investment	1,421,645	1,597,723	176,078
1915	Net Return	177,682	200,490	22,808
1590	Net FIT	59,168	67,282	8,114
1410	State taxes	11,501	13,035	1,534
1020	Network Access Revenues	912,451	1,037,912	125,461
1030	Toll Network Services	NA	NA	NA

Note: Base revenue requirements reflect the 1992 ARMIS results adjusted for the 1993 BAF and DEM and the completion of Michigan Bell's Inside Wire Amortization.

		Traffic Sensitive		
ARMIS 43-01 ROW #	Description	Base	REVREQ After	
		REVREQ	Reallocation	Difference
		(A)	of GSF (B)	(C) = (B) - (A)
1040	Miscellaneous Revenues	\$4,944	\$4,175	(\$769)
1060	Uncollectibles	2,052	2,052	(0)
1190	Total Operating Expense	633,059	568,035	(65,024)
1420	Other Taxes	42,683	38,510	(4,173)
1510	Fixed Charges	31,179	28,287	(2,892)
1520	IRS Income Adjustments	(2,617)	(2,359)	258
1530	FCC Taxable Income Adjustments	266	241	(25)
1540	ITC Amortization	5,430	4,923	(507)
1550	FCC ITC Adjustment	0	0	(0)
1690	Total Plant in Service	2,482,777	2,249,031	(233,746)
1790	Total Other Investment	33,890	31,925	(1,965)
1890	Total Reserves	1,309,531	1,202,321	(107,210)
1910	Average Net Investment	1,207,136	1,078,635	(128,501)
1915	Net Return	154,922	138,422	(16,500)
1590	Net FIT	51,951	46,105	(5,846)
1410	State taxes	10,495	9,409	(1,086)
1020	Network Access Revenues	890,218	798,358	(91,860)
1030	Toll Network Services	NA	NA	NA

Note: Base revenue requirements reflect the 1992 ARMIS results adjusted for the 1993 BAF and DEM and the completion of Michigan Bell's Inside Wire Amortization.

		<u>Special Access</u>		
ARMIS 43-01 <u>ROW #</u>	<u>Description</u>	<u>Base REVREQ (A)</u>	<u>REVREQ After Reallocation of GSF (B)</u>	<u>Difference (C) = (B) - (A)</u>
1040	Miscellaneous Revenues	\$1,868	\$1,590	(\$278)
1060	Uncollectible Revenue	810	810	0
1190	Total Operating Expense	227,149	203,867	(23,282)
1420	Other Taxes	14,587	13,131	(1,456)
1510	Fixed Charges	12,620	11,435	(1,185)
1520	IRS Income Adjustments	(1,080)	(966)	114
1530	FCC Taxable Income Adjustments	102	92	(10)
1540	ITC Amortization	2,174	1,971	(203)
1550	FCC ITC Adjustment	0	0	0
1690	Total Plant in Service	894,775	808,528	(86,247)
1790	Total Other investment	6,984	6,194	(790)
1890	Total Reserves	465,646	425,962	(39,684)
1910	Average Net Investment	436,113	388,760	(47,353)
1915	Net Return	58,382	52,099	(6,283)
1590	Net FIT	19,772	17,511	(2,261)
1410	State taxes	4,268	3,823	(445)
1020	Network Access Revenues	323,100	289,651	(33,449)
1030	Toll Network Services	NA	NA	NA

Note: Base revenue requirements reflect the 1992 ARMIS results adjusted for the 1993 BAF and DEM and the completion of Michigan Bell's Inside Wire Amortization.

ARMIS 43-01 ROW #	Description	Interexchange		
		Base REVREQ (A)	REVREQ After Reallocation of GSF (B)	Difference (C) = (B) - (A)
1040	Miscellaneous Revenues	\$9	\$6	(\$3)
1060	Uncollectible Revenue	7	8	1
1190	Total Operating Expense	15,125	15,014	(111)
1420	Other Taxes	262	254	(8)
1510	Fixed Charges	55	51	(4)
1520	IRS Income Adjustments	(7)	(5)	2
1530	FCC Taxable Income Adjustments	0	0	0
1540	ITC Amortization	10	10	0
1550	FCC ITC Adjustment	0	0	0
1690	Total Plant in Service	4,034	3,631	(403)
1790	Total Other Investment	27	24	(3)
1890	Total Reserves	2,193	2,010	(183)
1910	Average Net Investment	1,868	1,645	(223)
1915	Net Return	223	195	(28)
1590	Net FIT	68	59	(9)
1410	State taxes	10	10	0
1020	Network Access Revenues	NA	NA	NA
1030	Toll Network Services	15,686	15,534	(152)

Note: Base revenue requirements reflect the 1992 ARMIS results adjusted for the 1993 BAF and DEM and the completion of Michigan Bell's Inside Wire Amortization.

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of

1993 Annual Access Tariff Filings

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)  
)  
)

CC Dkt. No. 93-193

RECEIVED

SEP 10 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**AMERITECH RESPONSE TO OPPOSITIONS TO DIRECT CASE**

Barbara J. Kern  
Michael S. Pabian

Attorneys for the Ameritech  
Operating Companies

2000 W. Ameritech Center Dr.  
4H88  
Hoffman Estates, IL 60196-1025  
(708) 248-6077

Date: September 10, 1993

## **SUMMARY**

The Ameritech Operating Companies (Ameritech), pursuant to the Federal Communications Commission's (Commission) *June 23 Order*, respond to the Oppositions to its Direct Case filed in the above captioned proceeding. Despite the arguments presented in the Oppositions, no party has provided information sufficient to justify changing Ameritech's rates as filed in its annual tariff filing on April 2, 1993.

Specifically, in this filing and in Ameritech's previous filings, Ameritech has shown that it does not control the costs for that portion of the TBO related to current retirees, thereby the recognition of those costs pursuant to the implementation of SFAS No. 106 meets the first criteria for exogenous treatment.

In addition, for the purposes of this proceeding, it is abundantly clear that the add back of sharing amounts in determining base year earnings was neither required nor permitted by the Commission's rules. The fact that Ameritech did not add back those amounts cannot be found to constitute a reason for rejecting the tariff at hand. To do so would constitute a retroactive change in the Commission's rules violating the Administrative Procedures Act.

Moreover, LIDB is properly placed in the local transport category and should not be put in separate banding requirements. Finally, no commenting party took issue with the manner in which Ameritech calculated PCI and rate changes to implement the reallocation of general support facility ("GSF") costs, and therefore the rates should be allowed to become effective as filed.

## **AMERITECH RESPONSE TO OPPOSITIONS TO DIRECT CASE**

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
1993 Annual Access Tariff Filings	)	CC Dkt. No. 93-193
	)	

**AMERITECH RESPONSE TO OPPOSITIONS TO DIRECT CASE**

The Ameritech Operating Companies (Ameritech),<sup>1</sup> pursuant to the Federal Communications Commission's (Commission) *June 23 Order*,<sup>2</sup> respond to the Oppositions to its Direct Case filed in the above captioned proceeding. Despite the arguments presented in the Oppositions, no party has provided information sufficient to justify changing Ameritech's rates as filed in its annual tariff filing on April 2, 1993. Consequently, the Commission should reject the Oppositions<sup>3</sup> and allow Ameritech's rates to become effective as filed.

I. **Ameritech Has Demonstrated That Its SFAS No. 106 Costs Meet The Criteria For Exogenous Cost Treatment.**

All four parties opposing Ameritech's Direct Case argue that the transitional benefit obligation (TBO) of other post employment benefit costs (OPEBS) associated with the implementation of SFAS No. 106 do not meet the

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<sup>1</sup> The Ameritech Operating Companies are: Illinois Bell Telephone Company, Indiana Bell Telephone Co., Inc., Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

<sup>2</sup>1993 Annual Access Tariff Filings, CC Dkt. No. 93-193, Memorandum Opinion and Order Suspending Rates and Designating Issues for Investigation, DA 93-762, released June 23, 1993 (*June 23 Order*). The annual filing has been revised twice, once on May 2, 1993, regarding 800 database services, and again on June 17, 1993, regarding the allocation of general support facilities.

<sup>3</sup> Oppositions were filed by Ad Hoc Telecommunications Users Committee (Ad Hoc); Allnet Communication Services, Inc. (Allnet); American Telephone & Telegraph (AT&T); and MCI Communications, Inc. (MCI).